

Memorandum

To: Panel Members

From: Creighton Chan, Manager
Peter DeMauro, General Counsel

Subject: One-Step Agreement for **PeopleSoft, Inc.**
www.peoplesoft.com

Date: February 27, 2003

Analyst: A. Nastari

CONTRACTOR:

- Training Project Profile: Retraining: companies with out-of-state competition
- Legislative Priorities: Moving to a High Performance Workplace
- Type of Industry: Services Software
- Repeat Contractor: No
- Contractor's Full Time Employees:
 - Company Wide: 8,700
 - In California: 5,000
- Fringe Benefits: Yes
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: N/A

CONTRACT:

- Program Costs: \$520,000
- Substantial Contribution: \$0
- Total ETP Funding: \$520,000
- In-Kind Contribution: \$740,000
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Alameda
- Duration of Agreement: 24 Months

SUBCONTRACTORS:

California Manufacturers & Technology Association Service Corporation (CMTA), Sacramento, California, will assist the Contractor with project administration at a cost not to exceed 15 percent of earned funds.

THIRD PARTY SERVICES:

California Manufacturers & Technology Association Service Corporation (CMTA), Sacramento, California, helped prepare the application documents at no charge to the Contractor.

NARRATIVE:

This project was developed through the marketing efforts of CMTA.

PeopleSoft has been deemed eligible for ETP funding in accordance with Title 22, California Code of Regulations Section 4416 (a)(3)(4) for a company providing a service out-of-state and in California in competition with providers of the same service located outside of California.

Founded in 1987 and headquartered in Pleasanton, California, PeopleSoft, Inc. produces, markets, and services software products used for Human Resources (HR), Financial, and Supply Chain management. PeopleSoft's software products allow its customers to maintain company personnel information, inventory status changes, and point of sale information. PeopleSoft's customers include Charles Schwabb, FedEx, Pepsi and Hewlett Packard.

PeopleSoft has found that the majority of its customers are moving all of their business processes to the Internet. Customers require real time financial transactions, HR, accounting and inventory information, which is more easily achievable through the use of the Internet. PeopleSoft's customers are requiring the company to change its products from one specific software package for one specific use to one that is Internet driven with a variety of options.

PeopleSoft, therefore, developed its first fully Internet-based software product, known as CRM 8.4. PeopleSoft reports that through the use of the new software, customers will no longer have to rely on completing additional paperwork or having to add cycle time. All transactions will be managed by the use of the Internet, allowing for immediate response time. Purchasing departments will know instantly when a part in production is low and purchase orders will be executed through the click of a mouse.

The new software integrates various functions that were not required by all of the previous software programs. PeopleSoft asserts the software will now require employees to be proficient in all of PeopleSoft's e-business applications. Employees must be able to handle every technical assistance call that they receive from customers without the immediate intervention of a supervisor or another employee. PeopleSoft contends that employees must be able to provide complete customer satisfaction to meet the high level of customer service that clients seek.

Additionally, in an effort to move the company to a high performance workplace, Technical Support Analysts and their managers will now be working in team environments to fully analyze system problems, identify process improvements, and provide solutions that are within the scope of their programming ability.

NARRATIVE: (continued)

PeopleSoft is, therefore, approaching ETP for funding to assist with the retraining of its Technical Support Analysts and their managers. Training will focus on Business and Continuous Improvement Skills.

Business Skills – Training in this area will provide employees with skills needed to address customers' technical questions as they relate to the new e-business software programs. Although staff is currently proficient in this area of expertise, the new software requires them to be cross-trained in all functions of the e-business applications. Staff will receive training in the Enterprise, Financial, Human Resources, and Customer Relations Systems because all of these systems are being rolled into the single software package CRM 8.4.

The implementation of this new system also requires staff to update their customer service skills. Staff will have the additional responsibilities of handling multiple types of software. A greater emphasis will be placed on staff to ensure that the customer's technical requests are handled in the most professional, knowledgeable and experienced manner possible. Training in Customer Relations, Handling Difficult Customers, Resolving Customer Complaints and Escalation Procedures will provide staff with the necessary skills to provide step-by-step, troubleshooting technical support while maintaining a professional scope. Managers play an important role when technical support issues must be elevated for resolution. They must then work one-on-one with the customer in identifying and resolving software problems.

Continuous Improvement Skills – The implementation of CRM 8.4 will require staff to fully analyze customers' software problems and assist by guiding them through the process to correct the system problems. Staff can achieve this by working together in teams to communicate and identify problems, offer solutions to those problems and work on implementing the solutions. Training in problem solving, decision-making, communication skills and process improvement will provide staff with the necessary tools and techniques that will empower staff to make process decisions and reduce the number of calls escalated to supervisors, managers and programmers. This will provide PeopleSoft's clients with seamless customer service.

Supplemental Nature of Training

PeopleSoft's past and current technical training, through its PeopleSoft University, has been informal and delivered mostly on-the-job. PeopleSoft has provided specific product knowledge training as required to service the appropriate software application. PeopleSoft also provides orientation training, basic skill refresher courses in customer service and operating procedures, interpersonal skills and time management. The company additionally budgets approximately 40 hours of voluntary training per year per employee so that the employees may select and take training that fits their areas where improvement is needed.

The proposed ETP-funded training is different in content and format than the company's ongoing training. The proposed training will be more in-depth and will focus on a variety of integrated software applications necessary to provide service on the new software. This product training is different than the previous company provided product training because training was specific to only one type of software application. The training in this project will bring together employees from various software application departments who will work to improve their problem-solving and decision-making abilities. Employees will be cross-trained in various systems rather than on only one system. It is PeopleSoft's goal that the proposed training will raise the level of customer service as the company moves towards e-business software process. ETP funds will enable the company to offer more training to more employees than PeopleSoft is currently able to deliver.

NARRATIVE: (continued)

PeopleSoft projects an expenditure of \$10 million in the two years following the ETP-funded training.

In-Kind Contribution

The Contractor estimates that it will contribute approximately \$740,000 in wages paid to employees while in the ETP-funded training program.

COMMENTS:

Of the 400 participants in this project, 360 trainees meet the panel definition of frontline worker under Title 22 California Code of Regulations, Section 4400(ee)(3).

PROPOSED ACTION:

Staff recommends that the Panel approve this One-Step Agreement if funds are available and the project meets Panel priorities. This recommendation is based on PeopleSoft's need to move to a high performance workplace as it launches a new e-business software application to meet its customers needs. Training will result in improved competitiveness in the global software market, allowing the company to remain viable in California.

TRAINING PLAN:

Grp/Trainee Type	Types of Training	No. Retain	No. Class/Lab Videocnf. Hrs	No. CBT Hrs	No. SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
Job 1 Retrainees	Menu: Business Skills Continuous Improvement Skills	400	100	0	0	\$1,300	\$15.00 - \$38.50
					<u>Range of Hourly Wages</u>		
					\$15.00 - \$38.50		
					<u>Prevalent Hourly Wage</u>		
					\$18.50		
					<u>Average Cost per Trainee</u>		
					\$1,300		
<u>Health Benefit used to meet ETP minimum wage:</u>					<u>Turnover Rate</u>	<u>% of Mgrs & Supervisors to be trained:</u>	
N/A					14%	9%	

**MENU CURRICULUM
JOB 1**

Type of Training: Continuous Improvement Skills
Business Skills

HOURS
Class/Lab

COURSE TITLE AND DESCRIPTION

100

- I. Continuous Improvement Skills
 - A. Problem Solving Skills
 - B. Decision Making Skills
 - C. Communication Skills
 - D. Process Improvement
- II. Business Skills
 - A. New Enhanced Product Knowledge
 - 1. Enterprise Systems
 - 2. Financial Systems
 - 3. Human Resource Systems
 - 4. Customer Relationship Management Systems
 - B. Advanced Customer Service
 - 1. Handling Difficult Customers
 - 2. Escalation Procedures
 - 3. Relationship Management
 - 4. Customer Relations
 - 5. Resolving Customer Complaints